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# BOB'S RED MILL: FOR THE EMPLOYEES BY THE EMPLOYEES

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*Putting people before profits is more important than accumulating ever-increasing amounts of possession*

On **Bob Moore's** 81<sup>st</sup> birthday in 2010, the entrepreneur and his three partners signed off on an employee stock ownership plan (ESOP) to transfer ownership of his flour-milling business, Bob's Red Mill, to some 200 workers in the company. Employees who have worked at least a year with the business in Milwaukie, Oregon in the United States were entitled to shares in the company that they could cash out when they leave.

As of April 2016, the ESOP has paid out some US\$6 million to 45 employees who have retired since the ESOP was instituted. For a business with estimated annual sales of US\$200 million, it is a manageable figure. But for Moore, it was about more than just dollars and cents.

"The typical goal of American capitalism – perhaps it's the same all over the world – is essentially: Who can die with the most money wins," Moore said. "Well, it's a farce, you're still gonna die. And you're still gonna take nothing with you as you did bringing nothing into life."

"Entrepreneurs need to refocus on their goals in life. I refocused mine many years ago, and my goal is putting people before profits."

## PEOPLE BEFORE PROFITS

Speaking at the recent SMU Institute of Innovation and Entrepreneurship talk, *Putting people before profit – a different way of doing business*, Moore explained the thinking behind his business philosophy.

"My goal, when profit levels warrant it, was to share a portion of those profits with each employee monthly, and that's exactly what I did," he explained, referring to the separate profit-sharing paychecks that he wrote. "The first year I was only able to do this three or four times, the next year I was able to do it maybe eight times. But in the last 26 years, Bob's Red Mill has returned

profit-sharing checks each month to each employee, which amounted last year to 27 percent of the profits of our company.

“I’m telling you: it makes employees very happy. If you can see through this type of process, you will have very happy employees. They will not leave you.”

The first of those 26 years was a tough one for Moore, whose flour mill was burnt down by an arsonist. Moore rebuilt the business with three millstones which he saved from the ruins, and in the process did not lose a single employee even though the viability of the company was in doubt.

Other than producing a good product, Moore highlighted the treatment of employees as a key factor of Bob’s Red Mill’s success.

“We determined what an adequate wage was,” Moore elaborated. “You have people driving forklifts, working in warehouses, packaging, shelling etc. It’s not too difficult to determine what the going wage is these jobs. My goal was: if my people doing a job for me went anywhere else in my community and did that same job, they would not make more money.

“You can do this. It’s a way of life, it’s a thought process. As an entrepreneur, it’s a nice way to treat your people.”

## AN ENTREPRENEUR’S JOURNEY

Moore kicked off his journey as an entrepreneur in 1955 after buying a gas station in Los Angeles, but the city’s smog problem prompted him to sell the station and buying another at Mammoth Lakes, near a ski resort. When he went broke following a lack of snow that led to a dearth of skiers, he had to find paid work before finally moving into the milling business.

Moore shared the things he learnt being an entrepreneur:

1. Making a list of business aspirations;
2. Setting goals and persevering to meet them;
3. Sharing profits with those who earned it;
4. Staying with the business and not considering retirement; and
5. Enjoying success.

When asked about meeting the challenges of competitors, Moore said, “You’ll always have competition, no matter what business you get into. You have to get up early and work late. Work long hours, watch your competition; it’s almost a war.

“If you take competition correctly, it will hone your skills and make you a better entrepreneur because the way to get around competition is to have the complete product line and have the fewest complaints. To have the best product, to innovate, be ahead of everyone.”

Now that he has been in business for over 60 years, experiencing both failure and great success, what is next for Bob Moore?

“I’ll go to work tomorrow!” he quipped, prompting chuckles from the audience. “If you can reach a point, at 87 years of age, where people are coming up to you and complimenting you on that kind of thing, you will be the happiest person in the world.

“It’s about being respected in your community and by your employees, and as an entrepreneur you can reach that better and more thoroughly than in any other way. But it’s a big responsibility. You have people working for you, and looking to you for their sustenance, their lives. But you can get used to that and live with it.”